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HOUSE BILL 3022

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State of Washington

60th Legislature

2008 Regular Session

By Representatives Fromhold, Conway, Crouse, Hurst, Simpson, and Linville; by request of Select Committee on Pension Policy

Read first time 01/21/08. Referred to Committee on Appropriations.

1 AN ACT Relating to vesting after five years of service in the  
2 defined benefit portion of the public employees' retirement system, the  
3 school employees' retirement system, and the teachers' retirement  
4 system plan 3; and amending RCW 41.32.875, 41.35.680, and 41.40.820.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 41.32.875 and 2007 c 491 s 4 are each amended to read  
7 as follows:

8 (1) NORMAL RETIREMENT. Any member who is at least age sixty-five  
9 and who has(~~(+~~

10 ~~(a))~~ completed (~~(ten))~~ five service credit years(~~(+or~~

11 ~~(b) Completed five service credit years, including twelve service~~  
12 ~~credit months after attaining age forty four; or~~

13 ~~(e))~~ or completed five service credit years by July 1, 1996, under  
14 plan 2 and who transferred to plan 3 under RCW 41.32.817(~~(+))~~ ), shall be  
15 eligible to retire and to receive a retirement allowance computed  
16 according to the provisions of RCW 41.32.840.

17 (2) EARLY RETIREMENT. Any member who has attained at least age  
18 fifty-five and has completed at least ten years of service shall be  
19 eligible to retire and to receive a retirement allowance computed

1 according to the provisions of RCW 41.32.840, except that a member  
2 retiring pursuant to this subsection shall have the retirement  
3 allowance actuarially reduced to reflect the difference in the number  
4 of years between age at retirement and the attainment of age sixty-  
5 five.

6 (3) ALTERNATE EARLY RETIREMENT.

7 (a) Any member who has completed at least thirty service credit  
8 years and has attained age fifty-five shall be eligible to retire and  
9 to receive a retirement allowance computed according to the provisions  
10 of RCW 41.32.840, except that a member retiring pursuant to this  
11 subsection shall have the retirement allowance reduced by three percent  
12 per year to reflect the difference in the number of years between age  
13 at retirement and the attainment of age sixty-five.

14 (b) On or after September 1, 2008, any member who has completed at  
15 least thirty service credit years and has attained age fifty-five shall  
16 be eligible to retire and to receive a retirement allowance computed  
17 according to the provisions of RCW 41.32.840, except that a member  
18 retiring pursuant to this subsection shall have the retirement  
19 allowance reduced as follows:

20	Retirement	Percent
21	Age	Reduction
22	55	20%
23	56	17%
24	57	14%
25	58	11%
26	59	8%
27	60	5%
28	61	2%
29	62	0%
30	63	0%
31	64	0%

32 Any member who retires under the provisions of this subsection is  
33 ineligible for the postretirement employment provisions of RCW  
34 41.32.862(2) until the retired member has reached sixty-five years of  
35 age. For purposes of this subsection, employment with an employer also  
36 includes any personal service contract, service by an employer as a

1 temporary or project employee, or any other similar compensated  
2 relationship with any employer included under the provisions of RCW  
3 41.32.860(1).

4 The subsidized reductions for alternate early retirement in this  
5 subsection as set forth in section 4, chapter 491, Laws of 2007 were  
6 intended by the legislature as replacement benefits for gain-sharing.  
7 Until there is legal certainty with respect to the repeal of chapter  
8 41.31A RCW, the right to retire under this subsection is  
9 noncontractual, and the legislature reserves the right to amend or  
10 repeal this subsection. Legal certainty includes, but is not limited  
11 to, the expiration of any: Applicable limitations on actions; and  
12 periods of time for seeking appellate review, up to and including  
13 reconsideration by the Washington supreme court and the supreme court  
14 of the United States. Until that time, eligible members may still  
15 retire under this subsection, and upon receipt of the first installment  
16 of a retirement allowance computed under this subsection, the resulting  
17 benefit becomes contractual for the recipient. If the repeal of  
18 chapter 41.31A RCW is held to be invalid in a final determination of a  
19 court of law, and the court orders reinstatement of gain-sharing or  
20 other alternate benefits as a remedy, then retirement benefits for any  
21 member who has completed at least thirty service credit years and has  
22 attained age fifty-five but has not yet received the first installment  
23 of a retirement allowance under this subsection shall be computed using  
24 the reductions in (a) of this subsection.

25 **Sec. 2.** RCW 41.35.680 and 2007 c 491 s 8 are each amended to read  
26 as follows:

27 (1) NORMAL RETIREMENT. Any member who is at least age sixty-five  
28 and who has(~~+~~  
29 ~~(a)~~) completed (~~(ten)~~) five service credit years(~~(+or~~  
30 ~~(b) Completed five service credit years, including twelve service~~  
31 ~~credit months after attaining age forty four; or~~  
32 ~~(c)~~) or completed five service credit years by September 1, 2000,  
33 under the public employees' retirement system plan 2 and who  
34 transferred to plan 3 under RCW 41.35.510(~~(+)~~) shall be eligible to  
35 retire and to receive a retirement allowance computed according to the  
36 provisions of RCW 41.35.620.

1 (2) EARLY RETIREMENT. Any member who has attained at least age  
2 fifty-five and has completed at least ten years of service shall be  
3 eligible to retire and to receive a retirement allowance computed  
4 according to the provisions of RCW 41.35.620, except that a member  
5 retiring pursuant to this subsection shall have the retirement  
6 allowance actuarially reduced to reflect the difference in the number  
7 of years between age at retirement and the attainment of age sixty-  
8 five.

9 (3) ALTERNATE EARLY RETIREMENT.

10 (a) Any member who has completed at least thirty service credit  
11 years and has attained age fifty-five shall be eligible to retire and  
12 to receive a retirement allowance computed according to the provisions  
13 of RCW 41.35.620, except that a member retiring pursuant to this  
14 subsection shall have the retirement allowance reduced by three percent  
15 per year to reflect the difference in the number of years between age  
16 at retirement and the attainment of age sixty-five.

17 (b) On or after September 1, 2008, any member who has completed at  
18 least thirty service credit years and has attained age fifty-five shall  
19 be eligible to retire and to receive a retirement allowance computed  
20 according to the provisions of RCW 41.35.620, except that a member  
21 retiring pursuant to this subsection shall have the retirement  
22 allowance reduced as follows:

Retirement	Percent
Age	Reduction
55	20%
56	17%
57	14%
58	11%
59	8%
60	5%
61	2%
62	0%
63	0%
64	0%

35 Any member who retires under the provisions of this subsection is  
36 ineligible for the postretirement employment provisions of RCW

1 41.35.060(2) until the retired member has reached sixty-five years of  
2 age. For purposes of this subsection, employment with an employer also  
3 includes any personal service contract, service by an employer as a  
4 temporary or project employee, or any other similar compensated  
5 relationship with any employer included under the provisions of RCW  
6 41.35.230(1).

7 The subsidized reductions for alternate early retirement in this  
8 subsection as set forth in section 8, chapter 491, Laws of 2007 were  
9 intended by the legislature as replacement benefits for gain-sharing.  
10 Until there is legal certainty with respect to the repeal of chapter  
11 41.31A RCW, the right to retire under this subsection is  
12 noncontractual, and the legislature reserves the right to amend or  
13 repeal this subsection. Legal certainty includes, but is not limited  
14 to, the expiration of any: Applicable limitations on actions; and  
15 periods of time for seeking appellate review, up to and including  
16 reconsideration by the Washington supreme court and the supreme court  
17 of the United States. Until that time, eligible members may still  
18 retire under this subsection, and upon receipt of the first installment  
19 of a retirement allowance computed under this subsection, the resulting  
20 benefit becomes contractual for the recipient. If the repeal of  
21 chapter 41.31A RCW is held to be invalid in a final determination of a  
22 court of law, and the court orders reinstatement of gain-sharing or  
23 other alternate benefits as a remedy, then retirement benefits for any  
24 member who has completed at least thirty service credit years and has  
25 attained age fifty-five but has not yet received the first installment  
26 of a retirement allowance under this subsection shall be computed using  
27 the reductions in (a) of this subsection.

28 **Sec. 3.** RCW 41.40.820 and 2007 c 491 s 10 are each amended to read  
29 as follows:

- 30 (1) NORMAL RETIREMENT. Any member who is at least age sixty-five  
31 and who has ~~((÷~~  
32 ~~(a))~~ completed ~~((ten))~~ five service credit years ~~((÷or~~  
33 ~~(b) Completed five service credit years, including twelve service~~  
34 ~~credit months after attaining age forty four; or~~  
35 ~~(c))~~ or completed five service credit years by the transfer  
36 payment date specified in RCW 41.40.795, under the public employees'

1 retirement system plan 2 and who transferred to plan 3 under RCW  
2 41.40.795((+)) shall be eligible to retire and to receive a retirement  
3 allowance computed according to the provisions of RCW 41.40.790.

4 (2) EARLY RETIREMENT. Any member who has attained at least age  
5 fifty-five and has completed at least ten years of service shall be  
6 eligible to retire and to receive a retirement allowance computed  
7 according to the provisions of RCW 41.40.790, except that a member  
8 retiring pursuant to this subsection shall have the retirement  
9 allowance actuarially reduced to reflect the difference in the number  
10 of years between age at retirement and the attainment of age sixty-  
11 five.

12 (3) ALTERNATE EARLY RETIREMENT.

13 (a) Any member who has completed at least thirty service credit  
14 years and has attained age fifty-five shall be eligible to retire and  
15 to receive a retirement allowance computed according to the provisions  
16 of RCW 41.40.790, except that a member retiring pursuant to this  
17 subsection shall have the retirement allowance reduced by three percent  
18 per year to reflect the difference in the number of years between age  
19 at retirement and the attainment of age sixty-five.

20 (b) On or after July 1, 2008, any member who has completed at least  
21 thirty service credit years and has attained age fifty-five shall be  
22 eligible to retire and to receive a retirement allowance computed  
23 according to the provisions of RCW 41.40.790, except that a member  
24 retiring pursuant to this subsection shall have the retirement  
25 allowance reduced as follows:

Retirement	Percent
Age	Reduction
55	20%
56	17%
57	14%
58	11%
59	8%
60	5%
61	2%
62	0%
63	0%

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Any member who retires under the provisions of this subsection is ineligible for the postretirement employment provisions of RCW 41.40.037(2)(d) until the retired member has reached sixty-five years of age. For purposes of this subsection, employment with an employer also includes any personal service contract, service by an employer as a temporary or project employee, or any other similar compensated relationship with any employer included under the provisions of RCW 41.40.850(1).

The subsidized reductions for alternate early retirement in this subsection as set forth in section 10, chapter 491, Laws of 2007 were intended by the legislature as replacement benefits for gain-sharing. Until there is legal certainty with respect to the repeal of chapter 41.31A RCW, the right to retire under this subsection is noncontractual, and the legislature reserves the right to amend or repeal this subsection. Legal certainty includes, but is not limited to, the expiration of any: Applicable limitations on actions; and periods of time for seeking appellate review, up to and including reconsideration by the Washington supreme court and the supreme court of the United States. Until that time, eligible members may still retire under this subsection, and upon receipt of the first installment of a retirement allowance computed under this subsection, the resulting benefit becomes contractual for the recipient. If the repeal of chapter 41.31A RCW is held to be invalid in a final determination of a court of law, and the court orders reinstatement of gain-sharing or other alternate benefits as a remedy, then retirement benefits for any member who has completed at least thirty service credit years and has attained age fifty-five but has not yet received the first installment of a retirement allowance under this subsection shall be computed using the reductions in (a) of this subsection.

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